Performance Measure Profile
Major System Investments
FY 2013 Methodology Report

Federal Aviation Administration

Performance Measure Applicability	
☐ **DOT Strategic Plan**	☒ **Destination 2025**
Goal: n/a	Goal: Deliver Aviation Access through Innovation
Outcome: n/a	Outcome: NextGen capabilities are fully implemented and utilized based on U.S. aviation community system needs.
Metric: n/a	Metric: Maintain 90 percent of major system investments within 10 percent variance of current acquisition program baseline total budget at completion.
☐ **Agency Priority Goal**	

FY 2013 Performance Target

90% of major baselined acquisition programs must be maintained within 10% of their current acquisition cost, schedule and technical performance baseline as of the end of fiscal year 2013.

Lead Organization: Finance and Management (AFN)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Target	N/A	N/A	N/A	90%	90%
Actual	N/A	N/A	N/A	100%	TBD

Definition of Metric

Metric Unit:	Percentage of programs within a 10 percent variance of the investment's total established baseline cost, schedule and technical performance at completion.
Computation:	Cost performance for each Major Investment program is measured by comparing the total baseline cost at completion amount established with the approved Acquisition Program baseline with most recent Estimate-at-completion projection. Schedule performance for each program is measured by the baseline schedule duration at completion (first milestone to last milestone) established with the approved Acquisition Program baseline against the most recent estimated schedule duration at completion. Performance variance is determined by the difference between the baseline performance requirement value and the actual value. Performance variance in most cases is measured based on quantities of systems or capabilities. Any program with a variance of more than 10% to any of the three baseline parameters (cost, schedule or technical performance) is considered to not have met the established fiscal year goal..
Formula:	$$\frac{\text{Total Number of Programs within 10\% variance of established cost, schedule, or performance baseline}}{\text{Total Number of Programs Tracked}} \times 100$$
Scope of Metric:	Programs classified as Acquisition Category (ACAT) 1, 2, or 3 are considered "Major" programs and are included in this goal. For FY 2013, 20 major acquisition programs will be tracked and monitored. This measure is consistent with Public Law 104-264 which requires reporting to the FAA Administrator for any program that breaches the cost, schedule or performance baseline by 10%.

Method of Setting Target:	Public Law 104-264 dated October 9, 1996 authorized the FAA Administrator to consider the termination of acquisition programs if a program is: 1) is more than 10 percent over the cost goal established for the program; 2) fails to achieve at least 90 percent of the performance goals for the program; or 3) is more than 10 percent behind schedule as determined in accordance with the schedule goal established for the program.

Why the FAA and/or DOT Choose this Metric

The Major Acquisitions target represents a progressive measure for each fiscal year of the performance of critical FAA acquisition programs. The measure will apply each fiscal year through the acquisition of the selected programs. Choosing this measure ensures continuity and consistency with the Public Law. Public Law 104-264, dated October 9, 1996, requires the FAA Administrator to terminate programs funded from Facilities and Equipment (F&E) appropriations with variances of 50 percent or greater for cost, schedule, or technical performance initiated after the enactment of the Air Traffic Management System Performance Improvement Act of 1996. In addition, the law requires the FAA Administrator to consider terminating any substantial acquisition with cost, schedule, or performance variances of 10 percent or greater. This measure isconsistent with the Public Law reporting requirements.

Public Benefit

FAA's ability to keep acquisitions within budget, schedule and performance will allow for a timely transition to NextGen programs. The transition to NextGen involves acquiring numerous systems to support precision satellite navigation; digital, networked communications; integrated weather information; layered, adaptive security; and more.

Partners

FAA Lines of Business and Staff Offices

External Factors Affecting Performance

None

Source of the Data

FAA Lines of Business and Staff Offices track and report status of all the cost, schedule, and performance baselines using an automated database. FAA Lines of Business and Staff Offices provide a monthly status of the estimated cost at completion and estimated schedule duration at completion that includes an analysis of the risks in maintaining cost and schedule baselines. Performance Indicators and commentary is provided monthly that detail problems, issues, and corrective actions, to ensure schedules and costs are maintained within the established acquisition baseline parameters. The performance status is reported monthly to the senior level managers and to the FAA Administrator through Performance Subcommittee Reviews.

Statistical Issues

The programs selected each fiscal year represent a cross section of programs within the FAA. They include programs that have been designated an Acquisition Category 1, 2, or 3 and have a Joint Resource Council (JRC) approved Acquisition Program Baseline (APB).

Completeness

This measure is current with no missing data. Each DOT organization maintains its own quality control checks for cost, schedule, and technical performance data of each major systems acquisition in accordance with Public Law, OMB Circulars, FAA Acquisition Regulations, and Departmental orders implementing those directives and regulations.

Reliability

Each DOT organization having major system acquisitions uses the data during periodic acquisition program reviews for determining resource requests. They are also used during the annual budget preparation process for reporting progress made in the President's budget and for making key program management decisions. The monthly status is reported through the SPIRE database and included in monthly high-level management reviews. Once the program is selected and approved for tracking purposes it is reported on with detailed commentary each month, and assigned a Red, Yellow, or Green Confidence indicator that the cost, schedule and technical performance are within within the 10% threshold. These detailed reports are reviewed at all levels of the appropriate Service Unit, Executive levels, within the FAA and up to the Strategy Budget and

Performance (SB&P) Committee.